

# Office of Attorney General Terry Goddard



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## **Attorney General's Office Settles Complaint Against Mortgage Broker**

(Phoenix, Ariz. – Sept. 24, 2007) Attorney General Terry Goddard today announced a \$95,000 settlement with Lenox Financial Mortgage, LLC, an Atlanta-based mortgage broker. The settlement resolves allegations that the company violated the Arizona Consumer Fraud Act by failing to include disclaimers in its radio advertisements promoting Lenox Financial's "no closing costs" mortgage loans.

The complaint alleged that Lenox Financial ran thousands of radio ads in Arizona that promised "no closing costs" mortgage loans to consumers wanting to buy a home or refinance existing mortgage loans. According to court documents, the company's "no closing costs" ads did not contain any disclaimer or other qualifying language stating that the availability of this kind of loan depended on the consumer's credit score, income level, debt load or other indications of credit-worthiness. While a majority of Lenox Financial's customers were offered "no closing costs" loans, the complaint alleged that the company did not broker such loans for every consumer who replied to its advertising and was otherwise eligible for a mortgage loan.

According to the settlement, in the form of an Assurance of Discontinuance, Lenox Financial agreed to include a disclaimer or other qualifying information when advertising the availability of "no closing costs" loans unless Lenox Financial makes these loans available to all consumers who are otherwise eligible. Lenox Financial also agreed to pay the Attorney General's Office \$95,000 for attorneys' fees and the cost of its investigation.

The settlement was approved by Maricopa County Superior Court Judge Barbara Rodriguez Mundell. Assistant Attorney General Cherie Howe handled this case.

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